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7 November 1961

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# CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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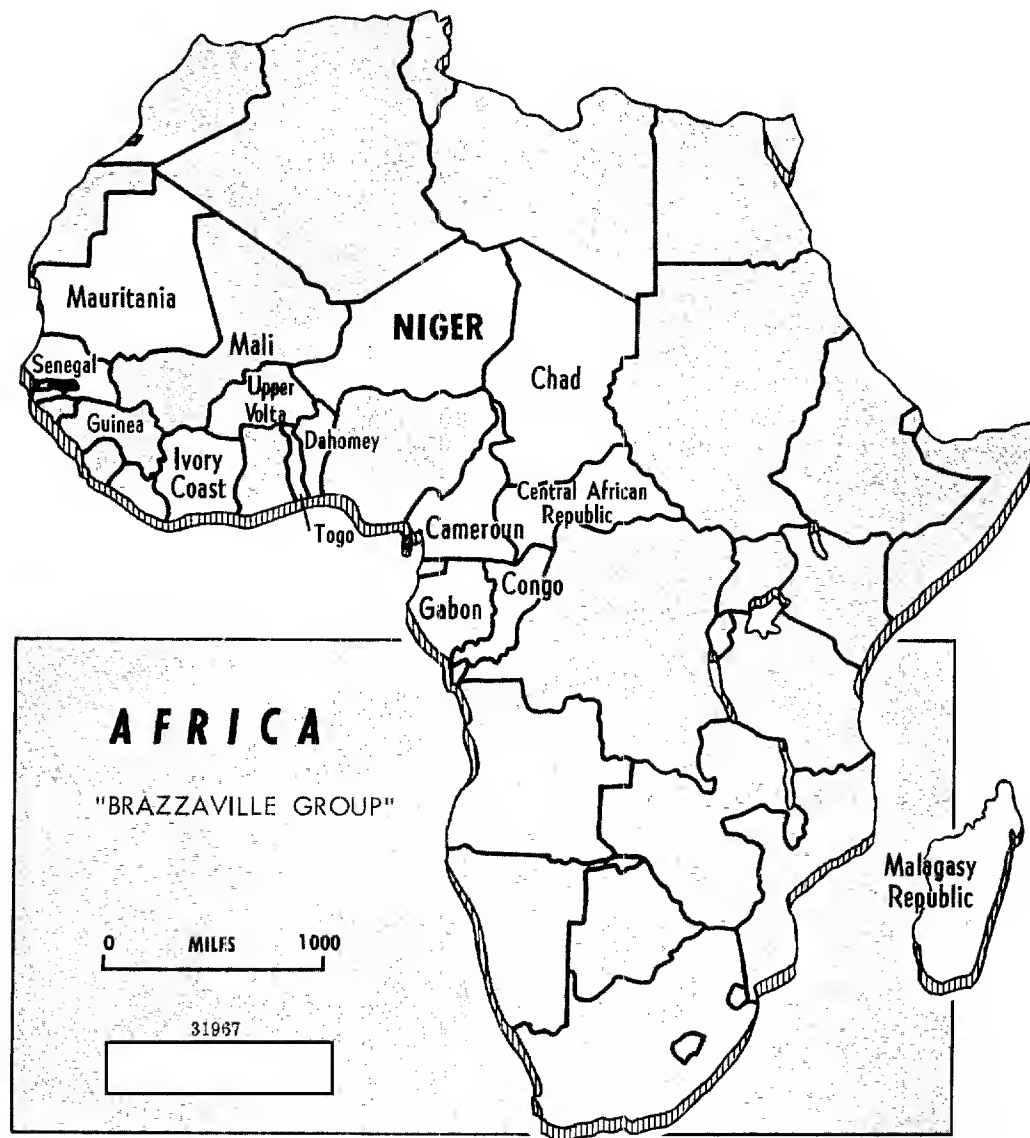
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Map Page

Brazil: Decreasing public confidence in Brazil's new government is resulting from the failure of either President Goulart or Prime Minister Neves to establish himself firmly as the head of the government. While Goulart has thus far generally dominated Neves, the constitutional amendment of 2 September, which set up the parliamentary form of government, theoretically establishes Neves' primacy. This has undermined Goulart's attempts to exert effective leadership and has contributed to the government's delay in taking action to combat inflation and social unrest in the country. [REDACTED]

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Niger - Communist Bloc: A Polish economic mission arrived in Niger on 4 November, probably as a consequence of the Niger "good-will" mission which visited Poland, Czechoslovakia, and Hungary in September. In what would be the first acceptance of bloc aid by any of the 12-nation Paris-oriented "Brazzaville group," Niger's President Diori has reportedly authorized the signing of agreements for "all projects rejected by the US and France." Diori, who stressed the speed of bloc aid in a conversation with Assistant Secretary Williams on 13 October, probably hopes to exploit this visit to extract further Western aid. His government, however, is under increasing domestic criticism for its pro-Western policies. In October, a Soviet trade mission also visited Niger, and the government has publicly indicated that talks with Moscow, presumably involving aid, will be resumed "later on." [REDACTED]

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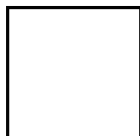
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[REDACTED] (Backup, Page 5) (Map)

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\*Ecuador: President Velasco's position is increasingly precarious. Vice President Arosemena has ordered the congress, over which he presides, into continuous session, accusing Velasco of "dictatorial acts and violations" of the constitution [REDACTED]



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[and calling on the people to protect congress. Velasco has surrounded the Legislative Palace with troops. Both Quito and Guayaquil, where violent opposition rioting has caused several deaths, are being heavily patrolled by military and police forces.]

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[Arosemena is exploiting protracted leftist labor and student protests over economic conditions and other public discontent in a bid to oust Velasco and take over the presidency. Velasco in turn appears to be trying to win over elements of the moderate and rightist opposition, and ensure continued loyalty of the armed forces, to neutralize Arosemena's leftist backing. Several cabinet resignations probably foreshadow an attempt to bring in more moderate and conservative factions. There are also reports that Velasco, who has followed an inflexible pro-Castro policy, is considering breaking relations with Cuba, apparently bowing to pressure from the military to ensure the survival of his regime.]

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The Brazilian Situation

Leftist leaders announced the formation on 24 October of the National Liberation Front--a group which is headed by two governors who supported Goulart's accession to the presidency but which includes certain adherents of Janio Quadros. The Front's program is close to the Communist line. The group hopes to maintain sufficient unity to gain control of the legislature in elections next October. The Brazilian Communist party announced its support of the Front in a manifesto published on 1 November. At the same time the party denounced the present government as weak and reactionary and based on conciliation with imperialists and landowners. The government was accused of continuing the mistakes of the Quadros government in submitting to International Monetary Fund control, in not expropriating foreign capital, and in limiting agrarian reform.

Conservative concern over this leftist unification effort and over the ineffective working of the present system of government is apparently prompting Goulart to delaying Brazil's resumption of diplomatic relations with the USSR. Goulart reiterated to the press on 31 October his intention to have Brazil resume relations with the USSR, but he added the qualification: "not with rapidity." The American Embassy in Rio de Janeiro comments that the statement was apparently designed to prepare the public for a possible long postponement.

The American Embassy believes that domestic political considerations are more important in delaying establishment of relations than difficulties in negotiating with Moscow. The embassy points out, however, that Brazil has insisted on restricting both the number and the movement within Brazil of Soviet personnel and on a simplified procedure for obtaining the recall of undesirable personnel.

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Soviet Aid Overtures in Africa

Diori, like most other Brazzaville group presidents, probably feels compelled both to produce tangible benefits for his country and to demonstrate his freedom to negotiate with East and West. Student groups in Niger, many of whose leaders came under leftist influence in Paris or Dakar, accuse the government of being dominated by France. Former Premier Djibo Bakary, ousted by the French after his advocacy of a "No" vote in the 1958 referendum, is making an issue of Diori's pro-Western orientation from his exile in Mali. Although Bakary's party is outlawed in Niger, he retains important influence over groups dissatisfied with Diori's policies.

The Russian trade mission was in Niamey for 12 days, and reportedly presented a draft commercial agreement between the two countries. [redacted] expect the agreement to be approved.

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Another leader of the Brazzaville group, President Youlou of the Congo (Brazzaville), appears to be taking soundings in Moscow on the possibility of Soviet aid. A Congo "good-will" mission visited Moscow last August, and in October there were reports of a second Congo mission, ostensibly to invite Soviet representatives to the 28 November independence celebrations in Brazzaville. [redacted]

[redacted] this mission would deliver the Congo's answer to Soviet proposals regarding aid for the construction of the Kouilou Dam, a favorite project of Youlou's on which he has also approached the US, France, and West Germany. Youlou, although avowedly pro-Western and anti-Communist, is said to be under pressure from nationalists both in and outside his government and is anxious to show his independence of the West. There are also some indications that Youlou has doubts on the extent of Western response to his requests for aid. [redacted]

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[redacted]

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